



AGENDA MEMORANDUM

Action Item for the City Council Meeting April 20, 2021

DATE: April 20, 2021

TO: Peter Zanoni, City Manager

FROM: David S. Lehfeldt, Director of Solid Waste
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Lease-Purchase of One Mack LR64 Refuse Truck

CAPTION:

Motion authorizing the lease-purchase, via JP Morgan, of one additional Mack LR64 Refuse Truck from Grande Ford Truck Sales, Inc, dba Grande Truck Center, of San Antonio, Texas for a total amount of \$348,568.25 to be used by Solid Waste in support of the department's new inspection and education program to address contamination in recycling waste, effective upon issuance of the letter of acceptance with FY 2021 funding in the amount of \$29,047.35 available through the General Fund.

SUMMARY:

The motion is to authorize the lease-purchase of an additional side-loading automated refuse collection truck to support the department's new recycling inspection and education program. The program is scheduled to begin in the fourth quarter of FY 2021. When the program initiates, the truck will collect non-recyclable materials that residents have set out for collection in recycling carts. Funding for the lease purchase was budgeted in the Solid Waste Services' Code Compliance FY 21 operating budget.

BACKGROUND AND FINDINGS:

Solid Waste Services is introducing a recycling education and inspection program in FY 2021. The program is designed to decrease the volume of non-recyclable materials collected through the City's recycling program. Solid Waste Services determined that one (1) Mack LR64 Chassis with a New Way Automated Side Loader body refuse truck is ideally suited to support the recycling

education and inspection program. The truck will accompany the recycling education and inspection team as they inspect recycling containers for unauthorized materials set out for collection in recycling carts. The truck specifications are overall consistent with the Solid Waste Department's collection fleet and may be readily interchanged with other trucks to support operations as needed. The cost of the recycling education and inspection program will be partially offset by the decrease in non-recyclable materials and associated processing fees delivered to the recycling processor.

PROCUREMENT DETAIL:

This procurement is through the HGAC-Buy Cooperative. Contracts awarded through the HGAC-Buy Cooperative have been competitively procured in compliance with Texas Local and State procurement requirements. The percentage of savings on the HGAC COOP is 12% less than MSRP. In view of these savings through the HGAC COOP, it is the recommended method of purchase for the City.

ALTERNATIVES:

An alternative is to not purchase this vehicle, thus not collecting the contamination and potentially diminish the recycling education and inspection program's effectiveness.

FISCAL IMPACT:

The fiscal impact for FY 2021 is estimated at \$29,047.35 available through the General Fund. Financing for the lease-purchase of the Mack LR64 Refuse Truck is based on a sixty-month term with an estimated interest rate of 2.00% for an annual estimated payment of \$69,713.64. The total estimated cost over the five-year period, including principal of \$331,444.00 and interest of \$17,124.25 is \$348,568.25.

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|---|---------------------|
| Total Lease-Purchase Price: | \$331,444.00 |
| Total estimated allowable interest for Lease: | <u>\$ 17,124.25</u> |
| Grand Total: | \$348,568.25 |

FUNDING DETAIL:

| | | |
|------------------------|--------|----------------|
| Fund: | 1020 | General Fund |
| Organization/Activity: | 12514 | Compliance |
| Mission Element: | 032 | Recycling |
| Project # (CIP Only): | | |
| Account: | 530190 | Lease-Purchase |

RECOMMENDATION:

Staff recommends approval of this motion authorizing the lease-purchase of one Mack LR64 Refuse Truck for Solid Waste Operations with Grande Ford Truck Sales, Inc, dba Grande Truck Center, as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet